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8 August 1954

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Copy No. 80

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 2
NO CHANGE IN CLASS X
I.I. DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 7 Jan 80 REVIEWER:

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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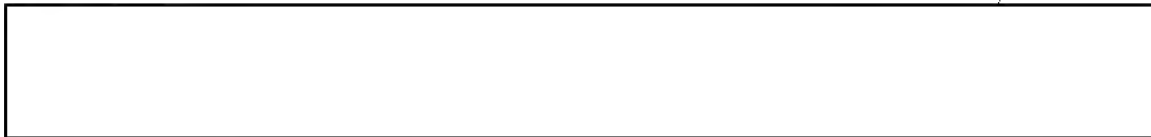
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Approved For Release 2004/02/10 : CIA-RDP79T00975A001700470001-1

SOUTHEAST ASIA

1. French official warns against Vietnamese bid for direct US aid:

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Jacques Raphael-Leygues, French emissary charged with studying the "possibilities of reinforcing" the Vietnamese government, told Ambassador Dillon in Paris on 5 August

that the chief aim of the Vietnamese authorities is to obtain American aid directly rather than through the French. He called this "dangerous" and ascribed it to "oriental reasoning," which in this instance requires that steps be taken to prepare for possible accommodation with the enemy.

Pointing to the Chinese Nationalists who in 1948-1949 went over to the Communists with their weapons, he argued that if the Vietnamese authorities had control of American supplies they would be able to "buy amnesty" from the Viet Minh.

Comment: The French have consistently opposed Vietnamese requests for direct control of American-supplied materiel. In the past the French have usually claimed that the Vietnamese lacked the organization for effectively processing and utilizing this aid.

Continued French control over such supplies would considerably strengthen the French position at the expense of the national government, a scarcely concealed French aim.

2. Ho Chi Minh's prestige in south underscored:

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A high French civil official in Saigon informed the American embassy on 5 August that 240 out of 250 employees of the leading Saigon printing establishment would unhesitatingly

vote for Ho Chi Minh in a national election. The American embassy in Saigon sees in this near unanimity of opinion a striking indication of the current low prestige of the Vietnamese national government. Its unpopularity with these Vietnamese, who are well above average in terms of background, training and salary, is cited as a measure of the difficulties to be encountered in rallying anti-Communist forces in south Vietnam.

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Comment: The high personal esteem in which Ho Chi Minh has been held throughout Vietnam for almost a decade is evidence primarily of the nationalistic fervor of the people rather than of an ideological trend.

3. Increased number of Overseas Chinese students going to Communist China:

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[redacted] during the quarter ending 30 June, three times as many Chinese between the ages of 12 and 25 left Malaya for Communist China as during the same period last year.

[redacted] young Chinese are now leaving Thailand at the rate of 200 per month, a rate more than double that estimated for last year.

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The American consulate general at Singapore comments that the increase in student departures seems likely to continue now that Communist China is "at peace" in Korea and Vietnam, and as Peiping expands its propaganda appeals to Overseas Chinese.

Comment: High school and university-level education on the mainland holds great attraction for young Overseas Chinese because of the almost complete lack of equivalent facilities either in the countries of their residence or in Taipei.

It has been traditional for Chinese in Southeast Asia to return to China for study. Many of those doing so now are expected to return to Southeast Asia as Communist agents.

NEAR EAST - AFRICA

4. Comment on the change of truce supervisors in Palestine:

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[redacted] Arab and Israeli initial reaction to the appointment of a new UN truce supervisor in Palestine--Canada's Major General Burns

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to replace Denmark's Major General Bennike--suggests that the move will not improve the situation in Palestine.

The Arabs are unusually bitter in assailing Bennike's removal as the result of "Jewish pressure" and in decrying the Jewish influence in the United Nations. They question the continued objectivity of the UN Truce Supervision Organization and urge the Arab states to boycott it. They may be initially cool to General Burns.

The Israelis, whom American observers on the scene hold largely responsible for the present discredited condition of the truce machinery, are restrained in their rejoicing over Bennike's removal. The Israelis insist that with the appearance of General Burns, there must also be a general housecleaning of the UN staff in Palestine, and a new approach to the problem. Disturbed by the Suez settlement, and the prospects of more Western aid to the Arabs generally, Israel is likely to continue to be demanding and difficult in its relations with the UN truce apparatus, even though the arrival of General Burns may result in an initial appearance of co-operation.

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EASTERN EUROPE

5. Belgrade radio reports Balkan Alliance to be signed on 9 August:

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The official Yugoslav radio reported on 7 August that nothing now stands in the way of the signing of the Balkan Alliance, which is scheduled for 9 August. The broadcast stated that the final text of the alliance was agreed on at a meeting of the Greek, Turkish, and Yugoslav foreign ministers on 7 August at Bled, Yugoslavia.

Comment: This broadcast, while not an official government announcement, indicates that the three foreign ministers have successfully resolved differences concerning the text of the alliance which persisted as recently as 2 August.

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6. Comment on abolition of Soviet occupation laws in East Germany:

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[REDACTED]

The USSR Council of Ministers on 6 August canceled all orders and instructions on political, economic and cultural affairs in East Germany which were enacted by the Soviet Military Administration and High Commission from 1945 to 1953. This legislation has, however, all been paralleled by laws of the German Democratic Republic which will remain in effect. The control functions of the Soviet authorities in East Germany are maintained by existing Four-Power agreements. The GDR has stated that it will adhere to the obligations stemming from these agreements.

The Soviet announcement is another stage in the gradual extension of the trappings of sovereignty to the East German regime, and will probably be contrasted in Communist propaganda with the situation in Western Germany, where legislation of the three occupation powers is still in effect. Another purpose is to support the intensified Communist campaign for East German participation in international meetings and in direct talks with West Germany. Western countries, including West Germany, are likely to receive the move with great skepticism.

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